

ALUMINUM COMPANY OF CANADA, LIMITED

(Incorporated under the Companies Act of the Dominion of Canada)

AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

31ST DECEMBER 1946

*On pourra se procurer le texte français de ce rapport, en s'adressant au
secrétariat de la Compagnie, 1700 immeuble Sun Life, à Montréal.*

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ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December 1946

A S S E T S

Lands, plants and facilities, at cost.....	\$327,698,726	
Less: Reserves for amortization, depreciation and depletion.....	221,023,811	\$106,674,915
Investment in shares of an affiliated company..... (capital stock not more than 50% owned)		3,687,499
Indemnity and surety deposits.....		569,743
Prepaid expenses and deferred charges to operations.....		2,061,124
Refundable portion of excess profits tax (contra).....		629,915
Current Assets:		
Inventories of aluminum, materials and supplies at cost or under, which is not in excess of market, determined from book and physical inventories, certified by officers of the companies.....	23,454,720	
Accounts and notes receivable, less reserves.....	7,431,803	
Accounts receivable from affiliated companies.....	6,382,266	
Dominion of Canada bonds and treasury bills (quoted value \$39,304,939).....	38,273,189	
Funds set apart for preferred dividend payable 1st March 1947....	150,000	
Cash in banks and on hand.....	4,743,429	80,435,407

\$194,058,603

221

415

Approved on behalf of the Board,

R. E. POWELL, *Director*

GEORGE O. MORGAN, *Director*

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1946, and the relative consolidated statements of profit and loss and surplus. In connection therewith we have reviewed the system of internal control and the accounting procedures of Aluminum Company of Canada, Limited and its Canadian subsidiaries and have examined or tested accounting records of these companies and other supporting evidence, but we did not make a detailed audit. The detail transactions of the Canadian companies are examined by the companies' internal auditors whose reports are furnished to us. We were furnished by other independent accountants with audited financial statements of the subsidiaries operating outside of Canada whose records were not examined or tested by us. We have received all the information and explanations we have required.

The accounts of subsidiary companies, other than Canadian companies, included in the consolidated balance sheet and the relative statement of profit and loss are translated into Canadian dollars at official rates of exchange current at 31st December 1946, except that fixed assets are at rates determined at dates of acquisition.

During 1946 the Company redeemed 150,000 5% cumulative redeemable sinking fund preferred shares of \$100 par and issued 600,000 4% cumulative redeemable sinking fund preferred shares of \$25 par, with facilities provided for an exchange of shares. The premium of \$750,000 received on the shares issued was offset against the premium of \$750,000 paid on the shares redeemed.

We have satisfied ourselves that the inventories of aluminum, materials and supplies are stated at cost or under, which is not in excess of market. Intercompany profits have been excluded from inventories. The \$3,000,000 reserve against future depreciation in inventory values, in the opinion of the management no longer required, has been restored to earned surplus.

Liability for income and excess profits taxes, for which the management has made provisions deemed adequate, is subject to determination by the tax authorities in jurisdiction.

The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by regulatory bodies of the countries in which the companies are carrying on operations.

On the above basis we report that the attached consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December 1946, according to the best of our information and the explanations given to us, and as shown by the books of the companies examined by us and the financial statements above referred to; and that the relative consolidated statements of profit and loss and surplus present fairly the results of the combined operations of the companies.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, 15th March 1947.

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Profit and Loss

For the Year Ending 31st December 1946

Profit for the year ending 31st December 1946, after provision for depreciation and depletion (see footnote) but before taking into account the following items.....		\$ 21,037,153
Add:		
Income from investments.....	\$ 167,464	
Interest, etc.....	951,730	
Gain on disposal of surplus equipment.....	224,026	
Abatement of principal of 3% redeemable notes.....	631,815	1,975,035
		<u>23,012,188</u>
Deduct:		
Interest, including \$2,825,506 on indebtedness not maturing within one year.....	2,936,458	
Expense in connection with preferred share issue and redemption...	354,232	
Executive salaries..... (parent and subsidiary companies)	227,211	
Legal fees.....	16,915	
Directors' fees.....	594	
Provision for income and excess profits taxes, including \$6,741,353 Canadian taxes.....	7,895,541	11,430,951
Profit carried to earned surplus.....		<u>\$ 11,581,237</u>

NOTE: Provision for depreciation and depletion for the year amounted to \$5,342,430 of which \$4,407,208 was charged to cost of production.

Consolidated Statement of Earned Surplus

Earned surplus—31st December 1945.....		\$ 35,795,721
Adjustments applicable to prior years (net).....		787,475
Earned surplus (as adjusted)—31st December 1945.....		<u>36,583,196</u>
Profit for the year.....	\$ 11,581,237	
Reserve for future depreciation in inventory values no longer deemed required.....	3,000,000	14,581,237
		<u>51,164,433</u>
Dividends:		
Preferred, including dividend payable 1st March 1947.....	637,500	
Common.....	13,350,000	13,987,500
Earned surplus—31st December 1946.....		<u>\$ 37,176,933</u>

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet
31st December 1946

LIABILITIES

Capital Stock:

4% Cumulative redeemable sinking fund preferred shares—par \$25— 600,000 shares issued in 1946 at \$26.25 and outstanding.....	\$ 15,000,000	
(150,000 5% cumulative redeemable sinking fund preferred shares—par \$100 —outstanding at 31st December 1945 were redeemed on 5th June 1946)		
Common shares—no par—1,500,000 shares outstanding.....	15,000,000	\$ 30,000,000

First Mortgage 3½% Sinking Fund Bonds, due 1974:

Series "A"—payable in Canadian currency.....	13,750,000	
Series "B"—payable in U.S. currency.....	26,250,000	40,000,000

Second hypothec, securing contractual obligation for annual payments, which may be commuted for.....	12,618,086
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3% Redeemable notes, due 1961—payable to the British Government— interest and \$41,700,000 of principal abatable in certain circum- stances as provided in the contracts under which they were issued.....	54,968,185
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The Roberval & Saguenay Railway Company 40 year 7% consolidated sinking fund mortgage bonds, due 1955.....	1,330,000
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Current Liabilities:

Accounts payable and accrued liabilities.....	11,662,100	
Accounts payable to affiliated companies.....	98,030	
Preferred dividend payable 1st March 1947.....	150,000	
Reserves for income and excess profits taxes.....	4,528,088	16,438,218

Operating reserves and deferred credits.....	897,266
Refundable portion of excess profits tax (contra).....	629,915
Earned surplus.....	37,176,933

\$194,058,603

ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL, QUE., CANADA

DIRECTORS

R. E. POWELL

President, Saguenay Power Company, Ltd.
Montreal

E. BLOUGH

Vice-President, Aluminium Limited
Montreal

E. J. MEJIA

President, Aluminium Fiduciaries Limited
Montreal

NATHANAEL V. DAVIS

Managing Director, Stand Limited
London

GEORGE O. MORGAN

Vice-President, Aluminium Limited
Montreal

J. A. DULLEA

President, Aluminium Securities Limited
Montreal

J. ALEX. PRUD'HOMME, K.C.

Geoffrion & Prud'homme
Montreal

E. G. MACDOWELL

President, Aluminium Union Limited
Montreal

H. H. RICHARDSON

President, Aluminium Laboratories Limited
Montreal

R. E. POWELL, *President*

A. W. WHITAKER, JR., *Vice-President and General Manager*

FRASER W. BRUCE, *Vice-President and General Sales Manager*

F. L. FARRELL, *Vice-President and Treasurer*

MCNEELY DuBOSE, *Vice-President*

PAUL S. WHITE, *Secretary*

